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THE
INTERNATIONAL NICKEL
COMPANY OF CANADA
LIMITED

1966

ANNUAL REPORT



MAR - 7 1967

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R. SAMUEL McLAUGHLIN
H.C.F. MOCKRIDGE, Q.C.

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ELLMORE C. PATTERSON
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MORGAN GRENFELL & CO. LIMITED.....London, England
BANKERS TRUST COMPANY.....New York, N. Y.

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MONTREAL TRUST COMPANY.....Montreal, P.Q.
LLOYDS BANK LIMITED.....London, England
MORGAN GUARANTY TRUST COMPANY OF NEW YORK.....New York, N. Y.

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BANKERS TRUST COMPANY.....New York, N. Y.
MORGAN GRENFELL & CO. LIMITED.....London, England

THE INTERNATIONAL NICKEL COMPANY OF CANADA, LIMITED

General Offices: Copper Cliff, Ontario, Canada

Toronto Office: 55 Yonge Street, Toronto 1, Ontario, Canada

THE INTERNATIONAL NICKEL COMPANY, INC.

General Offices: 67 Wall Street, New York, N. Y. 10005, U.S.A.

HUNTINGTON ALLOY PRODUCTS DIVISION

New York Office: 67 Wall Street, New York, N. Y. 10005, U.S.A.

Huntington Office: Huntington, West Virginia 25720, U.S.A.

INTERNATIONAL NICKEL LIMITED

General Offices: Thames House, Millbank, London, S. W. 1, England

HENRY WIGGIN & COMPANY, LIMITED

General Offices: Thames House, Millbank, London, S. W. 1, England

Hereford Office: Holmer Road, Hereford, England



No. 1 headframe and surface buildings, Thompson mine, Manitoba

PRINCIPAL PROPERTIES, PLANTS AND LABORATORIES

Producing Mines

SUDBURY DISTRICT, ONTARIO — Creighton, Frood-Stobie, Garson, Levack, Murray, Crean Hill, Clarabelle, MacLennan and Totten

THOMPSON, MANITOBA — Thompson

Concentrators

COPPER CLIFF, CREIGHTON AND LEVACK, ONTARIO; THOMPSON, MANITOBA

Smelters

COPPER CLIFF, ONTARIO — *Nickel oxide sinters*

CONISTON, ONTARIO; THOMPSON, MANITOBA

Iron Ore Recovery Plant

COPPER CLIFF, ONTARIO — *Iron ore; soluble nickel oxide*

Refineries

PORT COLBORNE, ONTARIO — *Nickel metal; cobalt metal*

THOMPSON, MANITOBA — *Nickel metal; elemental sulphur*

COPPER CLIFF, ONTARIO — *Copper; gold, silver, selenium, tellurium; semi-refined platinum-group metals; nickel sulphate*

CLYDACH, WALES — *Nickel metal—pellet and powder; nickel and cobalt salts and oxides; iron powder*

ACTON (LONDON), ENGLAND — *Platinum, palladium, rhodium, ruthenium and iridium*

Research Laboratories and Pilot Plants

COPPER CLIFF, PORT COLBORNE AND SHERIDAN PARK, ONTARIO

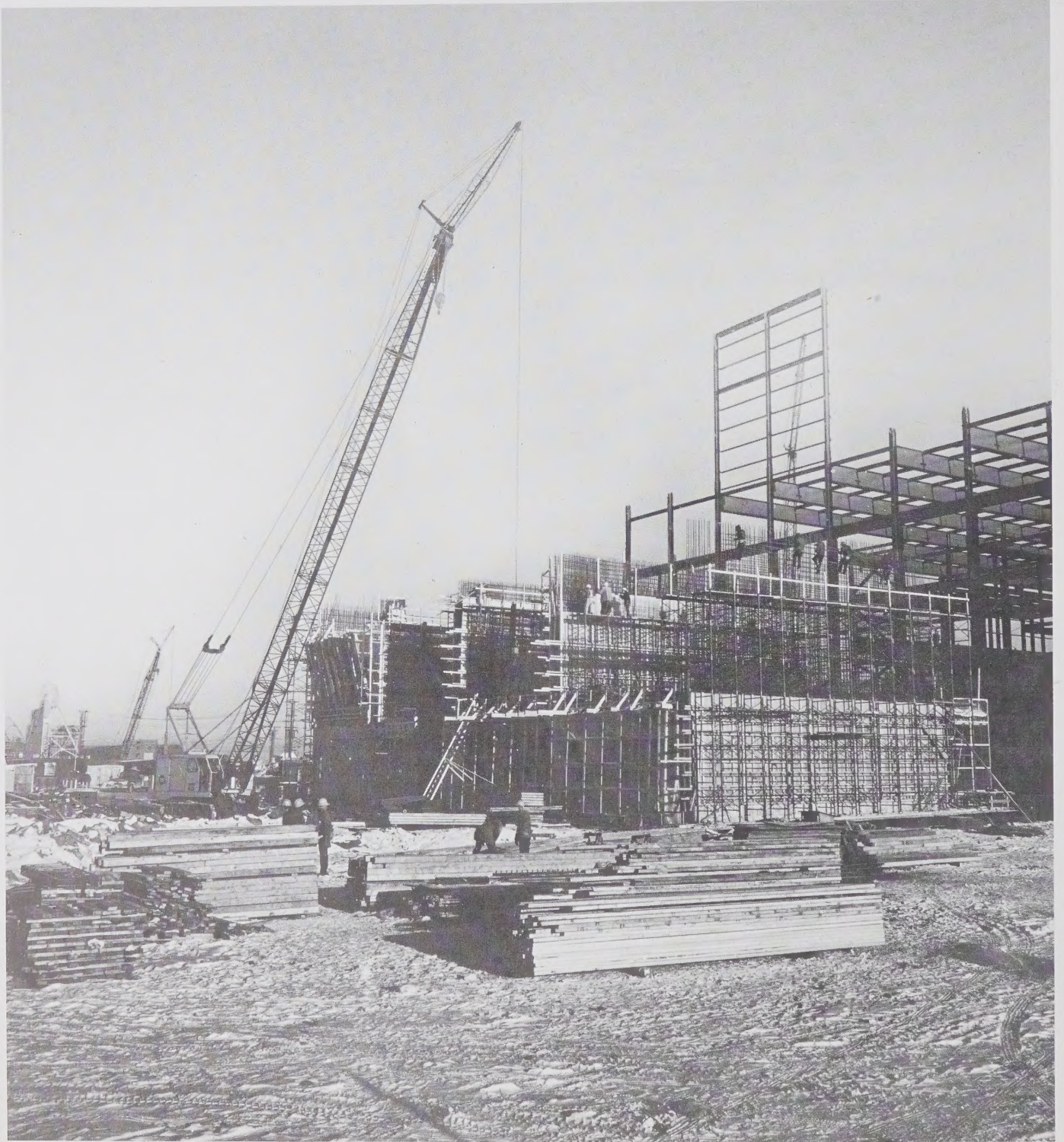
STERLING FOREST, NEW YORK, AND HARBOR ISLAND, NORTH CAROLINA, U.S.A.

BIRMINGHAM AND ACTON (LONDON), ENGLAND; CLYDACH, WALES

Rolling Mills

PLANTS — HUNTINGTON, WEST VIRGINIA, AND BURNAUGH, KENTUCKY, U.S.A.;
HEREFORD, ENGLAND — *Wrought nickel and high-nickel alloys*

RESEARCH LABORATORIES — HUNTINGTON, WEST VIRGINIA, U.S.A.; HEREFORD, ENGLAND



New Frood-Stobie mill under construction

HIGHLIGHTS

Nickel consumption in the free world in 1966 reached a new high estimated at 830,000,000 pounds, an increase of 70,000,000 pounds over the record established in 1965. Demand for nickel exceeded the available supply.

International Nickel delivered a record 500,200,000 pounds of nickel. These deliveries included sizable amounts of United States Government surplus nickel released from the national stockpile and delivered to United States consumers, on which there was no profit to the Company.

The Company earned \$118,170,000, which was lower than the earnings of either of the two previous years. The reduction reflected substantially reduced deliveries of nickel of the Company's own production resulting largely from labor difficulties in Canada. Dividend payments to shareholders were less than in 1965.

On November 1, for the first time since 1961, the Company increased its price of nickel primarily to allow a start on new projects for the development of low-grade ores to meet the mounting long-term demand for nickel, and to partially offset cost increases which we have incurred.

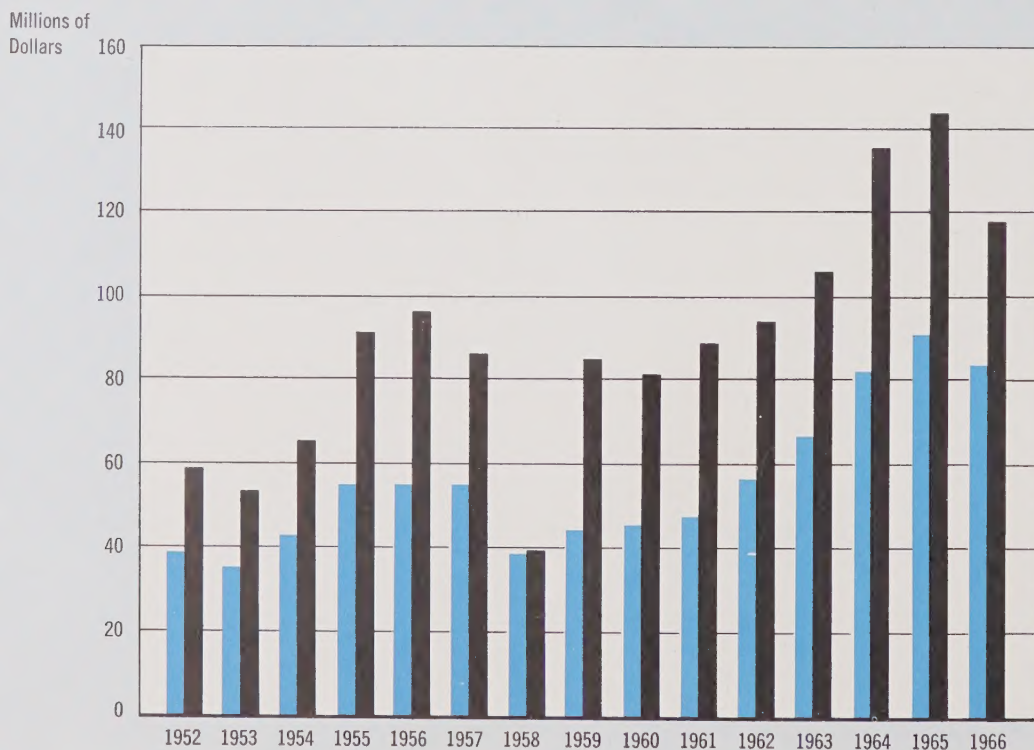
The Company's program of new mine development was expanded during the year. Plans were announced for the development of the Pipe mine in Manitoba, which with related facilities will cost an estimated \$100,000,000.

Capital expenditures during the year totaled \$73,037,000. They are expected to approximate \$125,000,000 in 1967, the largest capital outlay for any year in the Company's history.

FINANCIAL SUMMARY

| | 1966 | 1965 | 1964 | 1963 |
|------------------------|---------------|---------------|---------------|---------------|
| Net Earnings | \$118,170,000 | \$143,794,000 | \$135,768,000 | \$106,311,000 |
| Per Share | \$ 3.98 | \$ 4.85 | \$ 4.59 | \$ 3.60 |
| Common Dividends | \$ 83,059,000 | \$ 90,311,000 | \$ 81,251,000 | \$ 66,295,000 |
| Per Share | \$ 2.80 | \$ 3.05 | \$ 2.75 | \$ 2.25 |
| Income Taxes | \$ 69,024,000 | \$ 93,455,000 | \$ 66,684,000 | \$ 43,622,000 |
| Capital Expenditures | \$ 73,037,000 | \$ 62,737,000 | \$ 44,375,000 | \$ 36,032,000 |

Net Earnings ■ and Common Dividends ■ 1952-1966



Dollar figures in this Report are expressed in United States currency, unless otherwise stated.

Copper Cliff, Ontario
February 21, 1967

To the Shareholders:

NET EARNINGS — Net earnings for the year were \$118,170,000, which were exceeded only by the record earnings of \$143,794,000 in 1965 and \$135,768,000 in 1964. The 1966 earnings are equivalent to \$3.98 per share, compared with \$4.85 in 1965 and \$4.59 in 1964.

The reduction in earnings was caused by the fact that our nickel deliveries included lesser quantities of nickel of our own past production and that we had losses in current production resulting from a shortage of labor in the Canadian mining industry and from the several strikes and slowdowns at our mines and plants in Ontario. These labor difficulties, including a 25-day strike, extended into September. The disruptive effects were reflected throughout the second half of the year and resulted in the Company's producing approximately 80,000,000 pounds less nickel than we had planned for at the beginning of the year. Our production of copper, precious metals and other elements also suffered. Earnings were also adversely affected by increased costs. A partially offsetting factor was the higher prices received for several of our products, principally copper.

DIVIDENDS — The Company paid quarterly dividends of 70¢ per share in March, June, September and December, for a total of \$2.80 per share for the year. Total dividends per share were \$3.05 in 1965 and \$2.75 in 1964. Because of the reduced earnings and the large capital expenditure programs in progress and contemplated by the Company, the Board of Directors did not declare a year-end extra dividend in 1966. Dividend disbursements were \$83,059,000, compared with \$90,311,000 in 1965 and \$81,251,000 in 1964.

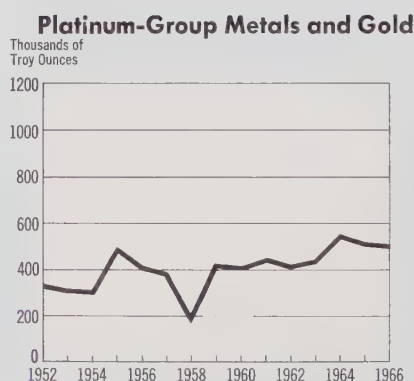
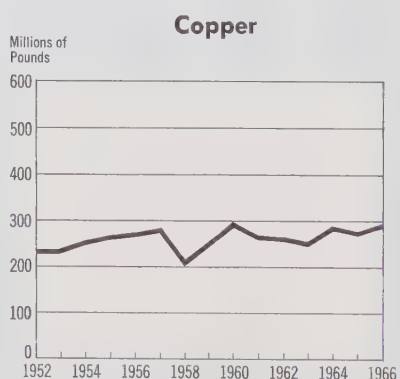
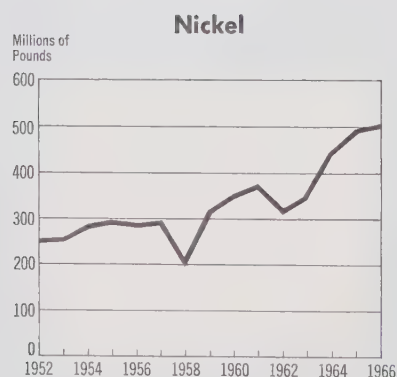
Net Earnings Total
\$3.98 Per Share

Dividends of
\$2.80 Per Share
Paid During Year

DELIVERIES OF METALS

| | 1966 | 1965 | 1964 | 1963 |
|---|-------------|-------------|-------------|-------------|
| NICKEL | POUNDS | | | |
| Primary Nickel* | 431,560,000 | 433,190,000 | 393,980,000 | 303,070,000 |
| Nickel in Rolling Mill Products | 68,640,000 | 59,770,000 | 50,210,000 | 47,660,000 |
| Nickel in all forms — Total . . | 500,200,000 | 492,960,000 | 444,190,000 | 350,730,000 |
| COPPER | 293,000,000 | 275,880,000 | 286,530,000 | 253,550,000 |
| COBALT | 2,000,000 | 2,020,000 | 2,750,000 | 2,150,000 |
| PLATINUM-GROUP METALS AND GOLD | 500,900 | 510,800 | 544,800 | 439,400 |
| SILVER | 1,513,000 | 1,581,000 | 1,493,000 | 1,403,000 |
| IRON ORE | 673,000 | 889,000 | 734,000 | 458,000 |
| | LONG TONS | | | |

* Including salts and chemicals, and rolled bars for electroplating



DELIVERIES OF METALS — The Company in 1966 delivered 500,200,000 pounds of nickel in all forms. These deliveries, the highest for any year in our history, were made possible by drawing down the Company's inventories and by purchases of nickel, principally United States Government surplus nickel. Approximately 100,000,000 pounds of this surplus nickel was delivered for consumption in the United States at no profit to the Company. Our previous record deliveries were 492,960,000 pounds in 1965 and 444,190,000 pounds in 1964.

Copper deliveries were 293,000,000 pounds, compared with 275,880,000 pounds in 1965 and 286,530,000 pounds in 1964. The 1966 deliveries included substantial withdrawals from inventory.

Deliveries of platinum-group metals (platinum, palladium, rhodium, ruthenium, iridium and osmium) and gold were 500,900 troy ounces. They compare with 510,800 ounces in 1965, and with the record deliveries of 544,800 ounces in 1964.

Iron ore deliveries were 673,000 long tons, compared with 889,000 tons in 1965 and 734,000 tons in 1964.

The table on the opposite page shows the deliveries of our principal metals for the past four years. Selenium, tellurium and sulphur are also recovered from the Company's ores.

NICKEL MARKETS — Demand for nickel increased dramatically for the fourth consecutive year as nickel consumption in the free world rose to an estimated 830,000,000 pounds. This compares with 760,000,000 pounds in 1965 and 670,000,000 pounds in 1964; and it represents a gain of about 70 per cent over the 1960-62 level.

The year was marked by strikes and slowdowns at the facilities of International Nickel and of other producers, which caused serious losses in production. As a consequence, producers could not fully meet orders placed on them.

Nearly all industrial countries in the free world contributed to the increased nickel consumption during the past year. Aided very considerably by the distribution of United States Government surplus nickel, industry in the United States accounted for over half of the increase.

Nickel consumption in the United States rose about 40,000,000 pounds to an estimated 410,000,000 pounds. Consumption in Canada, the United Kingdom, Continental Europe and Japan climbed to 400,000,000 pounds, with other countries accounting for 20,000,000 pounds of nickel.

*Company Delivers
500,200,000 Pounds
of Nickel*

*Free World
Nickel Consumption
Reaches Record
830,000,000 Pounds*

*Stainless Steels Lead
in Nickel Consumption*

Stainless steels continued to rank first in nickel consumption, accounting for an estimated 285,000,000 pounds of nickel, or one-third of free world consumption. Nickel plating remained second, with 130,000,000 pounds; followed by high-nickel alloys, 120,000,000 pounds; constructional alloy steels, 95,000,000 pounds; iron and steel castings, 85,000,000 pounds; copper and brass products, 35,000,000 pounds; and all others, 80,000,000 pounds.

The record demand for nickel in the steel industry reflected the high operating rate in that industry and the heavy demand for alloy and stainless steels. Nickel-chromium stainless steel ingot production in the United States, for instance, was 10 per cent above 1965 and 60 per cent over 1962. Demand for nickel in the plating industry continued strong in response to the needs of the civilian economy. Consumption by the foundry industry rose as the demand for heat-resisting castings increased.

As to the Company's nickel products, electrolytic nickel continued to find increased use in the plating industry, reflecting an increasing trend toward the conversion from conventional electroplating anodes to the use of "S" electrolytic nickel in plating baskets. The use of the Company's nickel oxide as a raw material for nickel salts, certain electronic components, and base-coat enameling frits increased. Nickel Oxide Sinter 90, introduced commercially in 1965, achieved a substantial position in the foundry and steel industries. Contributing to a 50 per cent increase in demand for the Company's high-purity nickel powders were the growing popularity of nickel-cadmium batteries and the increasing manufacture of engineering components by powder metallurgy.

*Company's Nickel
Prices Rise for
First Time in
Five Years*

NICKEL PRICES — The Company on November 1, 1966 announced an adjustment of its prices throughout the world. The increase in prices was required to permit a start on the extensive development of high-cost, low-grade ore bodies which must be undertaken in order to satisfy the mounting long-term world demand for nickel. Additionally, this adjustment partially offset past cost increases and the much higher employment costs reflected in new labor contracts applicable to the Company's operations in Ontario and Manitoba. The Company last increased its base price for nickel in 1961.

In the United States, the Company's price for electrolytic nickel became 85¼¢ per pound. This new price restored the 2¼¢ price reduction made in 1962 and added a further 5¼¢ for nickel in this form.

Front-end loader hauling 6½-ton bucket loads of ore to ore chute





Curling at recreation hall, Thompson, Manitoba

The price to Canadian consumers, in Canadian currency, became 92.15¢ per pound for electrolytic nickel. The Company's price in the United Kingdom for nickel pellets refined at its Clydach, Wales, refinery became £702 per long ton.

Copper in Short Supply

OTHER METALS — The world supply of copper available to users at producer prices fell short of meeting the demand that continued throughout the year.

In Canada, the Company's price of copper at the beginning of the year was 40.75¢ (Can.) per pound. On January 6, it was increased to 45¢, where it remained for the balance of the year. Between January 19 and January 26 of 1967 all of the Canadian producers, including the Company, increased their prices to 47.25¢ (43.7¢ U.S.), at which level they have remained. Canada accounted for more than 70 per cent of our deliveries of copper, with the balance going overseas. All of our copper is marketed under the Company's "ORC" brand.

The price for the Company's copper delivered overseas during the first half of 1966 ranged from a low of £336 per long ton (42¢ U.S. per lb.) to a

high of £520 (65¢ U.S.). In July, the Company changed its foreign price to the London Metal Exchange 3-months wire bar quotation, on which basis many producers remain to date. During the latter half of the year, this price ranged from £355 (44.4¢ U.S.) to £598 (74.8¢ U.S.). On February 17, 1967, this price was £421½ (52.7¢ U.S.).

All of the platinum-group metals, with the exception of ruthenium, continued to be in tight supply. To help our customers, special steps were taken to expedite production of these metals at our refinery at Acton (London), England. So great was the demand that virtually all of the 316,000 troy ounces of surplus United States Government stockpile platinum which was approved for sale at prices not to exceed \$100 per troy ounce, was absorbed without upsetting the market. A re-evaluation of United States Government stockpile requirements completed in early 1967 resulted in an additional 115,000 troy ounces of platinum being declared surplus.

In the United States, the average published price for platinum was \$98 during the first part of the year and became \$100 in May. The average published prices of \$33 per ounce for palladium and \$183.50 for rhodium, which prevailed at the 1965 year end, increased to \$36 and \$198.50, respectively. Iridium increased from \$112.50 to \$170. The price of ruthenium remained unchanged at \$57.50. By February 17, 1967, the price of platinum had risen to \$110.50 per troy ounce; palladium to \$38; rhodium to \$208.50; and iridium to \$180.

The New York published price for silver remained unchanged at \$1.293 per troy ounce.

*Prices of
Platinum-Group
Metals Rise*

PRODUCING MINES — Although Ontario operations were seriously affected by slowdowns and strikes, total ore production from our Ontario and Manitoba mines amounted to 17,550,000 short tons, second only to the record of 19,750,000 tons in 1965 and comparing with the 16,439,000 tons mined in 1964.

The broad program of mine development in the Sudbury District of Ontario was carried forward during the year. The sinking of the 7,150-foot No. 9 production shaft at the Creighton mine was continued, reaching a depth of 2,337 feet at year end. At the Frood-Stobie mine, sinking of the 2,400-foot No. 9 shaft, to handle increased production, reached a depth of 1,100 feet. At year end, three new shafts were being sunk at our operating mines in Ontario.

*Company Mines Produce
17,550,000 Tons
of Ore*

In Manitoba, development at the Thompson mine proceeded throughout the year allowing for increased production. A start was made on the deepening of the No. 1 shaft. Sinking of the No. 3 shaft, which was begun in March 1965, was completed 15 months later at a depth of 2,607 feet, and the north end of the mine was prepared for ore production.

Underground development in our operating mines in Ontario and Manitoba reached a cumulative total of 3,260,000 feet, or 617 miles, by the end of 1966.

*New Mines
in Canada*

NEW MINE DEVELOPMENT — In 1966 International Nickel enlarged the major mine expansion program announced in 1965. In the Sudbury District, the Company opened the Totten mine, and began underground operations at a second small mine, the MacLennan, following completion of open pit operations.

The Company is developing seven new mines in Canada while continuing development work in Guatemala and the United States. Additionally, the sinking of an exploration shaft was started on our Shebandowan property in western Ontario. Also, sinking of an exploration shaft will start early in 1967 to determine the feasibility of developing large low-grade deposits lying northwest of Garson, Ontario. Level development and underground construction were continued at the Copper Cliff North mine, with ore production scheduled for early 1967. At the other new mines — Kirkwood, which is expected to be in production in 1968, and Little Stobie and Coleman, in 1969 — shaft sinking was started and proceeded throughout the year.

In Manitoba, at the Birchtree mine, development was carried out from the No. 2 development shaft. Sinking of the No. 1 production shaft and construction of the surface plant were well advanced. The sinking of the two shafts at the Soab mine was started in the latter part of the year and construction of the surface plant was well underway. This mine is scheduled to come into production in late 1967.

*New Pipe Mine
in Manitoba*

The Company announced in late 1966 plans to bring into production in 1969 the high-cost ores at the Pipe mine, some 20 miles south of Thompson. The new Pipe mine project, which will cost approximately \$100,000,000, includes the expansion of our Thompson mill, smelter and refinery facilities, and the construction of a 45-mile railway, over which ore from the Soab and Pipe mines will be transported to the mill. Initial operations at the Pipe mine will



be by open pit mining, which will require the removal of millions of tons of overburden having an average depth of 100 feet.

Our present production in Manitoba is entirely from the Thompson mine, which was opened in 1961. Current production from the Thompson mine is running considerably above the level originally planned. However, as the Soab mine comes into production in late 1967 and the Birchtree mine in early 1968, and the Pipe mine in late 1969, the Thompson mine will be phased back to its long-term sustainable production rate. The three new mines will substantially and progressively increase the Company's total production capability in Manitoba.

*Development Work
on New Mines
Outside Canada*

The Company's majority-owned subsidiary in Guatemala, Exploraciones y Explotaciones Mineras Izabal, S. A. (Exmibal), moved forward on its new project for mining and processing nickel-containing lateritic ores, announced by the Company in 1965. Financial arrangements and engineering studies were substantially advanced, and important development work was carried out on the properties.

In June 1966, our United States subsidiary was granted mining leases by the United States Government on approximately 5,000 acres in northern Minnesota. Previous exploration activities indicated that the properties contain sulphide ores of less than 1 per cent combined copper and nickel. We are currently considering all of the relevant factors which will determine whether or not we are to continue to move ahead on a project to produce a combined total of 125,000,000 pounds of copper and nickel annually from these ore deposits.

*Plant Improvements
Complement Mine
Expansion Program*

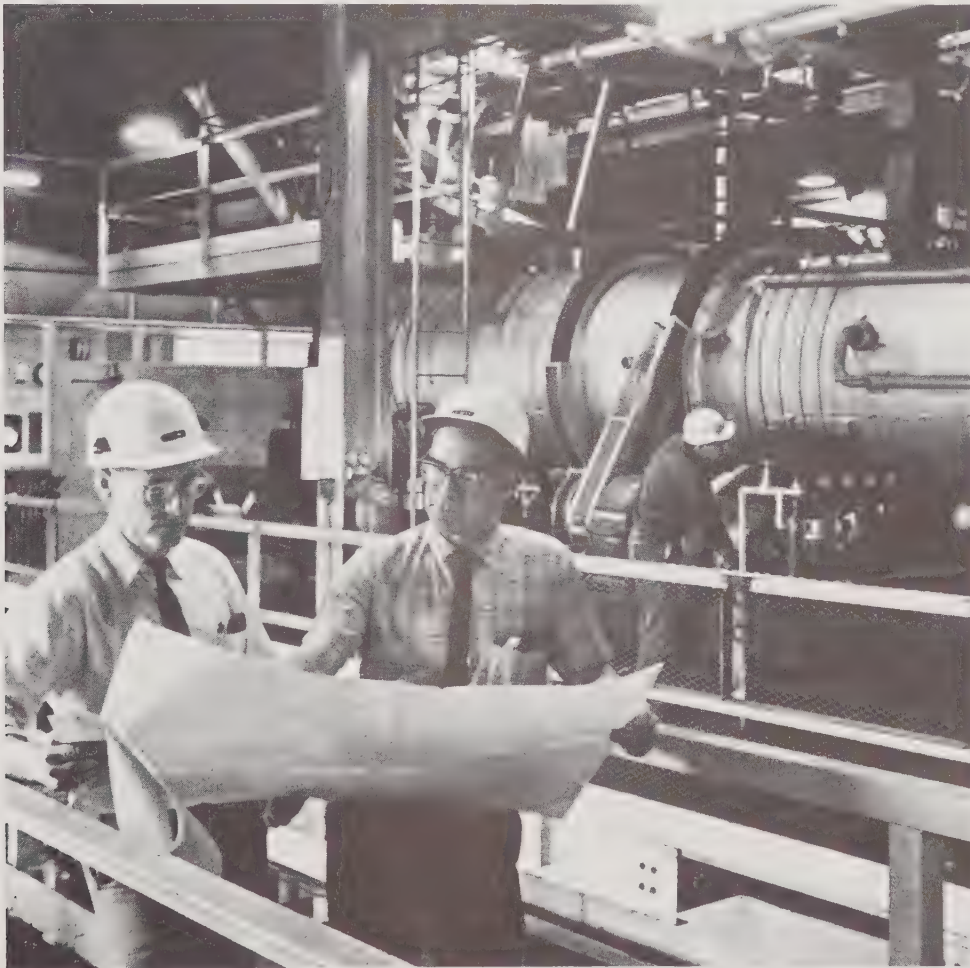
PLANT IMPROVEMENTS AND PROCESS RESEARCH — Complementing our mine expansion program, the Company began work at Thompson to expand the milling and smelting facilities and further to increase the refining capacity to handle the increased volume of ore when the new mines in Manitoba are opened. We also brought on stream a new electrolyte purification system at the Thompson refinery which will increase efficiency and production.

Likewise, in the Sudbury District, surface plant expansion was underway to allow for increased production. Construction of the 22,500-ton per day Frood-Stobie mill was started and continued through the year. The mill, which is scheduled for completion late in 1967, will concentrate lower grade ores for pipeline transmission to the Copper Cliff smelter. A first step was taken at the

Copper Cliff smelter to replace multi-hearth equipment with modern fluid bed roasters. Revisions in matte separation operations were also started which will permit improvements in the quality of sinter for our nickel refineries.

At our refinery in Clydach, Wales, a major modernization project based on use of rotary kilns, designed to handle one half of the current refinery's nickel carbonyl output has now been completed. The reduction and volatilization processes in the new plant are now carried out in two large kilns which replace 36 units of the older design. Reduction of the nickel is improved by use of hydrogen obtained by naphtha reforming. Modern methods of process control are employed in the new facility including closed circuit television. Construction of a new plant research laboratory is underway.

*Clydach Modernization
Project Completed*



A unit in one of our pilot plants for
extractive metallurgical processes at Port Colborne, Ontario



Separation of nickel and copper sulphides by flotation at Copper Cliff mill

The Company's new J. Roy Gordon Research Laboratory at Sheridan Park, Ontario, began to operate by year end. It will be principally concerned with extractive metallurgy and the development of improved methods for processing metallurgically complex ores. Geophysical and geological research, as well as product research, will also be carried on. The name of the new facility, as announced by the Chairman in May, recognizes the significant contributions to metallurgical research and the more than 30 years of service to the Company of J. Roy Gordon, Chairman of the Executive Committee and a Director of the Company, who retired as President of the Company in January 1967.

*J. Roy Gordon
Research Laboratory
Begins Operations*

During the year the Company intensified its research on processes for the treatment of lateritic ores of nickel. Construction proceeded also on Research Station No. 3 at Port Colborne, Ontario. With the completion of this station, we will have concentrated in one location our broad-purpose pyrometallurgical, hydrometallurgical and vapometallurgical pilot facilities for developing extraction and refining processes for both sulphide and oxide ores of nickel.

EXPLORATION — During the year the Company continued the previous year's accelerated pace of our world-wide search for new mineral deposits. Exploration expenditures in 1966 would have exceeded those of 1965 except for interruptions in the Sudbury District caused by the strike and shortage of specialized manpower, particularly in the Thompson area. Exploration expenditures in 1966 and 1965 were \$11,685,000 and \$12,328,000, respectively, compared with \$7,589,000 in 1964.

*Exploration Expenditures
Total \$11,685,000*

In Canada, major surface exploration programs were continued in the Sudbury District and in the Thompson area. Lesser programs were conducted in Quebec, Saskatchewan, the Northwest Territories and British Columbia.

The Company is participating with others in the exploration of two nickel-copper properties in northern Ontario. Numerous properties were examined and option agreements were negotiated on properties in several provinces.

Concurrent with our mine development program in the Sudbury area, extensive underground exploration was carried out. Results were generally favorable. Deep level exploration was continued at the Copper Cliff North, Murray and Garson mines.

The exploration program in the South Pacific area was expanded. Further sampling of nickel laterites in Western Australia and in the British Solomon

*Exploration Program
Expanded in Australia*

Islands Protectorate was continued and bulk samples were mined for metallurgical testing. Reconnaissance exploration was carried out in several other areas in Australia, and late in the year arrangements were made with The Broken Hill Proprietary Company Limited in Australia for participating in the exploration of a nickel prospect in Queensland and for collaboration in the development of the prospect should further investigation indicate that such development is warranted.

ORE RESERVES — The proven ore reserves of the Company's Sudbury District and Manitoba mines were 324,870,000 short tons at December 31, 1966, with a nickel-copper content of 9,480,000 short tons. At the end of 1965, the proven ore reserves were 306,203,000 short tons, with a nickel-copper content of 9,274,000 short tons.

PRODUCT RESEARCH AND MARKET DEVELOPMENT — Our product research and market development activities were directed during the year to the development of nickel-containing products and technical information concerning alloys for nickel markets of the future.

*Company Announces
New Cast Maraging Steel*

As an addition to the family of maraging steels developed in the Company's research laboratories, we announced during the year a cast maraging steel which combines the attractive features of the wrought alloys with the economies generally attributed to cast shapes.

To meet engineering requirements of the future, our engineers turned to the development of alloys stronger and more resistant to sea water corrosion, and to new high-temperature alloys that will meet the increasing demand for longer service life from gas turbines.

During the year, the commercial feasibility of our process for coating steel with nickel from a powder slurry was demonstrated.

The corrosion-resistant properties of copper-nickel alloys resulted in their being specified during the year for the world's largest desalination plant, the 150,000,000-gallon per day plant to be built by the Los Angeles Water District. Its capacity will be 20 per cent greater than today's total world-wide installed capacity of land-based desalination units and, as such, it will be a pace-setter for major installations now on the drawing boards.

A promising new market for nickel stainless steel and nickel-chromium



Pulling core sample at an exploration camp, northern Manitoba



Plant for producing hydrogen for new refining facility at Clydach, Wales

alloys is nuclear power plants. In 1966, in the United States, 60 per cent of the power plants ordered were nuclear, as compared to about 30 per cent in 1965 and a negligible number in 1964.

*Canada Announces
New Pure Nickel Coins*

One of the oldest, and still expanding, uses of nickel is for coinage. During the year Canada announced it would use pure nickel rather than silver for its 10¢, 25¢ and 50¢ pieces, beginning in 1968. Also in 1966, six countries introduced pure nickel coins and 19 countries introduced cupro-nickel coins.

*Rolling Mills
Operate at
High Levels*

ROLLING MILL DIVISIONS — During the year the Company's rolling mill divisions in the United States and the United Kingdom delivered 103,640,000 pounds of nickel and high-nickel alloys, exclusive of rolled bars for electroplating.

At the Huntington, West Virginia, plant, the year was characterized by high order receipts, substantial progress on construction and completion of new facilities, but also by restrictions in raw material supplies. During the latter

half of the year, the new strip facility was completed and began handling a significant part of the flat stock throughput. Defense requirements for standard alloys and other products sharply increased, building up to about one-third of the Huntington Alloy Products Division's business. At our Burnaugh, Kentucky, facility, with the installation of the vacuum induction furnace, we were able to move ahead on our program of producing special alloys.

In the United Kingdom, demand for the Nimonic series of high-temperature alloys produced in our Hereford, England, plant continued at a high level. These alloys, identified with the progress of the gas turbine since its inception, have been used extensively in new jet engines such as the Rolls-Royce Spey, and the Bristol-Siddeley Olympus 593 which will power the Anglo-French supersonic Concorde airplane.

OTHER OPERATIONS — With the expiration in most countries of our basic patents on the production of Ductile Iron (S.G. Iron), the Company discontinued the collection of royalties from its some 650 licensees under all of its patents in this field. Since 1947, when our program of issuing royalty-paying licenses commenced, our licensees have produced a total of more than 9,500,000 short tons of Ductile Iron.

The Company is participating with two other Canadian companies in the operation of a small molybdenum mine in British Columbia which went into production in mid-1966 and operated at near planned capacity for the remainder of the year.

CAPITAL EXPENDITURES — Capital expenditures during the year amounted to \$73,037,000, compared with \$62,737,000 in 1965 and \$44,375,000 in 1964.

In 1966, mine development expenditures in Ontario and Manitoba totaled \$29,294,000. Expenditures for expansion and improvement of our smelting and refining operations in Canada and the United Kingdom amounted to \$25,270,000. New facilities in our rolling mills in the United States and the United Kingdom accounted for \$11,484,000. The balance of \$6,989,000 was expended for other capital items.

Reflecting the scope of our program of new mine and related plant development, capital expenditures for 1967 are expected to approximate \$125,000,000, by far the highest for any year in the history of the Company.

*Capital Expenditures
Total \$73,037,000
and in 1967
Will Approximate
\$125,000,000*

*Company Signs
3-Year Labor
Agreement in
Canada*

EMPLOYEES — At the end of 1966 the Company and its subsidiaries had 31,837 employees distributed over 15 countries as follows: Canada, 22,103; United Kingdom, 5,435; United States and other countries, 4,299. Of these, 4,468 have served for more than 25 years and are members of the Company's Quarter Century Club.

A series of strikes and slowdowns by hourly paid employees at our Ontario mines and plants came to an end in September with the signing of a new three-year union contract which extends until July 10, 1969. This contract, which was influenced by the pattern of wage settlements in Canada, includes a 25 per cent increase in wages and benefits spread over three years, with an increase of approximately 17 per cent becoming effective for 1967.

SHAREHOLDERS — The number of shareholders of record December 31, 1966 was 67,120, compared with 65,965 at the previous year end.

ANNUAL MEETING — The Chairman will make an oral report to shareholders at the Annual Meeting which will be held in Toronto, Ontario, on April 19, 1967. The Chairman's Address will be printed and mailed to the shareholders.

MANAGEMENT CHANGES — On January 3, 1967, at a meeting of the Board of Directors, J. Roy Gordon, who at the request of the Board has been serving as President after becoming eligible for retirement, elected to retire as President of the Company. As Chairman of the Executive Committee he continues as an active officer as well as a Director of the Company. He has been associated with the Company since 1936, becoming a Director in 1953, President in 1960, and Chairman of the Executive Committee in 1965.

Albert P. Gagnebin was elected President of the Company and James C. Parlee Senior Executive Vice-President. Both have served the Company for more than 33 years and became Executive Vice-Presidents in 1964 and Directors in 1965.

Richard A. Cabell and F. Foster Todd were elected as the two Executive Vice-Presidents of the Company. Prior to the present election Mr. Cabell was a Vice-President and Mr. Todd an Assistant Vice-President. Mr. Todd joined the Company in 1929 and Mr. Cabell in 1944.

Three new Vice-Presidents and an Assistant to the Chairman and Consulting Engineer were also designated: Theodore M. Gaetz, H. Frank Zurbrigg and Louis S. Renzoni, previously Assistant Vice-Presidents, were elected Vice-Presidents; and Paul Queneau, previously Technical Assistant to the President, was elected Assistant to the Chairman and Consulting Engineer.

On December 20, 1966, the Board elected Ashby McC. Sutherland, formerly General Solicitor, as Assistant to the Chairman—Law and Dean D. Ramstad, formerly Assistant Vice-President, as Assistant to the President of the Company.

On December 3, 1966, The Rt. Hon. Viscount Knollys, G.C.M.G., M.B.E., D.F.C., member of the Board of Directors since February, 1962, died in London, England. In tribute to Lord Knollys, the Board of Directors at its December 5 meeting recorded the following in the permanent records of the Company:

The Chairman spoke of Lord Knollys' distinguished and varied business career, noting that he had been Chairman of British Overseas Airways Corporation, Vickers Limited, Employer's Liability Assurance Corporation and English Steel Corporation, and had ably represented the United Kingdom at the International Materials Conference held in Washington in 1951-1952 and as Minister at the British Embassy there, responsible for raw materials, and previously in 1941-1943 in Bermuda as Governor and Commander-in-Chief. He stated that Lord Knollys had been an outstanding Director and that his association had added high luster to the Board and strength to the Management of the Company. On motion duly made and unanimously carried, the following resolution was thereupon adopted:

RESOLVED, that the Board of Directors of The International Nickel Company of Canada, Limited, record their great loss and the high esteem in which they hold the memory of their fellow Director, Lord Knollys. During his all too short service with the Company, he quickly won the affection and respect of the entire Board, not only for his unusual executive abilities, but also for his kindly personality, charming modesty of manner and great strength of character.

OUTLOOK — We have had a difficult year. Because of the labor problems which developed, our earnings failed of expectations. Because of both the reduced earnings and our capital program, payments to the shareholders were less than in 1965. And we, along with other producers, were unable fully to fill customer orders for nickel.

But the strengths which produced better earnings in the two preceding years are unaffected and continue to grow. They are the basis for the management's optimism about the Company's capacity to successfully cope with the problems of the future.

One of these strengths is that we have one of the world's largest and most efficient groups of mining properties. Our complex of mines and surface facilities in Canada is unmatched. And we are solidly equipped with highly skilled and experienced operating and technical staffs.

Another great strength is the market for nickel. The exceptional increases in the demand for nickel these past four years reflect not only a high rate of industrial activity, but the ever growing recognition of nickel's usefulness—which has resulted principally from product research and market development activities on the part of the Company's own staff and those of its customers.

A third strength lies in our long belief and investment of money and brains in mining and process research of all types so aptly symbolized by the completion of the new J. Roy Gordon Research Laboratory at Sheridan Park, Ontario, and the construction of the third Research Station at Port Colborne. These facilities, together with our other research establishments in Canada, comprise, we believe, the best-equipped extractive metallurgy research complex in the western world.

The Laboratory has begun operations at a time when nickel supplies must be augmented to serve the requirements of the world's increasing industrial expansion and need for quality materials. At the present, there is an insufficiency of nickel to meet immediate demand, but there is no shortage of nickel deposits in the world. There is plenty of nickel ore, and much of it is lateritic.

The Company is in a unique position to perform a leading part in this situation. We began experimental work in the field of lateritic nickel ore processing as long ago as 1939, in addition to our main and continuing program of process research on sulphide ore. Since then we have progressively increased our research activities on oxide ore with a view to developing processes to suit each of the varying ore types and the conditions peculiar to the various areas of their occurrence. An important part of the research of our new Laboratory is directed to the study of these ores.

But our greatest effort continues to be in Canada, which for years to come will remain the world's principal source of nickel. Our new mine development program will give the Company 17 producing mines in Canada by the end of 1969—thirteen in Ontario and four in Manitoba. Additionally, the development of other prospective mines is in contemplation for Ontario.



Magnetic separation of pyrrhotite preliminary to recovery of iron ore

We also have important new mining projects outside of Canada. In Guatemala, progress is being made in concluding the accompanying arrangements necessary as the basis for the very large capital investments which it is planned to make there. In Minnesota, the enactment of new laws to encourage, regulate and tax the copper-nickel industry of that state is being considered by the Minnesota Legislature during its current session; the outcome of this and our own evaluation of the economics of developing these marginal ores will determine whether we can continue to move ahead on our proposed operation there. To

expedite our plans, a shaft will be sunk to a depth of over 1,000 feet by independent contractors.

In Australia we signed an agreement with The Broken Hill Proprietary Company Limited. Our agreement calls for the exploration of properties located near Rockhampton in Queensland, and if this exploration proves the existence of substantial ore deposits, the joint development of them.

Interest has been shown in New Caledonia by a number of mining companies in developing a new nickel production operation there. We have and continue to put forth proposals for participating jointly with French interests in such a project.

We are continuing to plan and manage our affairs on the basis of a steady and rising market for nickel. We have scheduled the expenditure of approximately \$125,000,000 on our 1967 capital program. The largest part of this will be for our producing mines and our developing mines in Ontario and Manitoba, and for related surface facilities. Also we expect to step up our exploration efforts for new deposits to a level higher than in any previous year.

A portion of our expansion program involves the development of lower-grade ores. Our labor and related costs continue to rise faster than it has been possible to introduce offsetting cost reductions. These two factors underlay our decision to increase our prices in 1966. This price increase made a start possible on these lower-grade projects, which are so essential to meet the predictable increase in the demand for nickel.

Orders in the first two months of 1967 give indications that demand for nickel will continue at the high levels of the past year and that total supply will remain tight during the year. In the case of the United States market, the recently reduced national stockpile objective has had the effect of creating 60,000,000 pounds of surplus nickel. If this is made available to the market, it should insure that an adequate supply will be available to meet current United States consumption needs in 1967.

In 1967 our production of nickel and other metals will be higher than in 1966 or 1965 and progressively more in the years ahead.

BY ORDER OF THE BOARD OF DIRECTORS,

HENRY S. WINGATE

Chairman



Cold rolling of strip at new facility, Huntington, West Virginia



Converter aisle at Copper Cliff smelter

AUDITORS' REPORT

*To the Shareholders of
The International Nickel Company of Canada, Limited:*

We have examined the financial statements appearing on pages 34 through 41 of this report. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The International Nickel Company of Canada, Limited and wholly owned subsidiaries at December 31, 1966 and the results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PRICE WATERHOUSE & CO.

February 21, 1967

THE INTERNATIONAL NICKEL COMPANY OF CANADA, LIMITED

AND WHOLLY OWNED SUBSIDIARIES

Consolidated Assets and Liabilities

| | 1966 | 1965 |
|--|------------------------|-----------------------|
| CURRENT ASSETS | | |
| Cash | \$ 21,442,000 | \$ 24,454,000 |
| Government and Other Securities | 139,794,000 | 152,050,000 |
| Accounts Receivable less provision for doubtful accounts | 108,600,000 | 102,432,000 |
| Inventories of finished and in process metals, and supplies | 204,813,000 | 211,270,000 |
| | <u>474,649,000</u> | <u>490,206,000</u> |
| SECURITIES HELD FOR PENSION PLANS | 7,510,000 | 6,882,000 |
| OTHER ASSETS | | |
| Miscellaneous Securities | 2,142,000 | 3,235,000 |
| Charges to Future Operations | 5,900,000 | 788,000 |
| | <u>8,042,000</u> | <u>4,023,000</u> |
| PROPERTIES, PLANT AND EQUIPMENT | 962,970,000 | 892,460,000 |
| Less — Depreciation and Depletion | 430,378,000 | 406,732,000 |
| | <u>532,592,000</u> | <u>485,728,000</u> |
| | <u>\$1,022,793,000</u> | <u>\$ 986,839,000</u> |

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

ALBERT P. GAGNEBIN }
JAMES C. PARLEE } *Directors*

liabilities at December 31, 1966

EXPRESSED IN UNITED STATES CURRENCY

| | 1966 | 1965 |
|---|------------------------|-----------------------|
| CURRENT LIABILITIES | | |
| Accounts Payable and Payrolls | \$ 55,489,000 | \$ 52,234,000 |
| Taxes based on Income | 45,597,000 | 62,797,000 |
| | <u>101,086,000</u> | <u>115,031,000</u> |
| PROVISIONS FOR | | |
| Future Income Taxes | 79,800,000 | 68,700,000 |
| Pension Plans | 7,510,000 | 6,882,000 |
| Exchange, Insurance and Operating Purposes | 26,006,000 | 25,307,000 |
| | <u>113,316,000</u> | <u>100,889,000</u> |
| CAPITAL | | |
| Common Shares | | |
| Authorized 36,000,000 shares without nominal or par value. Issued 29,678,245 shares (1965—29,639,975 shares) | 86,306,000 | 83,945,000 |
| Capital Surplus | 61,036,000 | 61,036,000 |
| Retained Earnings and Capital Gains Employed in the Business | 661,049,000 | 625,938,000 |
| | <u>808,391,000</u> | <u>770,919,000</u> |
| | <u>\$1,022,793,000</u> | <u>\$ 986,839,000</u> |

The explanatory financial section on pages 37 to 41 is an integral part of this statement.

The Auditors' Report appears on page 33.

THE INTERNATIONAL NICKEL COMPANY OF CANADA, LIMITED

AND WHOLLY OWNED SUBSIDIARIES

Consolidated Earnings for the Year Ended December 31, 1966

EXPRESSED IN UNITED STATES CURRENCY

| | 1966 | 1965 |
|---|----------------|----------------|
| NET SALES | \$ 694,122,000 | \$ 634,807,000 |
| COSTS AND EXPENSES | | |
| Costs | 453,096,000 | 343,188,000 |
| Selling, General and Administrative Expenses | 31,617,000 | 30,323,000 |
| | 484,713,000 | 373,511,000 |
| OPERATING EARNINGS before items shown below | 209,409,000 | 261,296,000 |
| OTHER INCOME | 9,218,000 | 8,201,000 |
| | 218,627,000 | 269,497,000 |
| PROVISION FOR | | |
| Taxes based on Income | 69,024,000 | 93,455,000 |
| Depreciation and Depletion | 26,173,000 | 26,532,000 |
| Pension Plans | 5,260,000 | 5,716,000 |
| | 100,457,000 | 125,703,000 |
| NET EARNINGS | \$ 118,170,000 | \$ 143,794,000 |
| Net Earnings per Common Share | \$3.98 | \$4.85 |
| Shares outstanding at end of year | 29,678,245 | 29,639,975 |

Consolidated Retained Earnings and Capital Gains Employed in the Business

EXPRESSED IN UNITED STATES CURRENCY

| | 1966 | 1965 |
|---------------------------------------|----------------|----------------|
| BALANCE AT BEGINNING OF YEAR | \$ 625,938,000 | \$ 572,455,000 |
| NET EARNINGS | 118,170,000 | 143,794,000 |
| | 744,108,000 | 716,249,000 |
| DIVIDENDS PAID ON COMMON SHARES | 83,059,000 | 90,311,000 |
| BALANCE AT END OF YEAR | \$ 661,049,000 | \$ 625,938,000 |

The explanatory financial section on pages 37 to 41 is an integral part of these statements.

EXPLANATORY FINANCIAL SECTION

GENERAL

The financial statements consolidate the accounts of the Company and wholly owned subsidiaries in Canada, the United Kingdom, the United States and other countries. For convenience, comparative figures are also shown for the preceding year, and figures are stated to the nearest thousand dollars.

As in past years, the statements are expressed in United States currency, conversions from other currencies having been made at applicable rates and in accordance with the Company's regular accounting practice. The Canadian dollar remained within the Government of Canada official limits, 91½¢-93½¢ (U.S.), and the mean of 92½¢ has been used for conversions where applicable. Sterling remained within the Bank of England official limits, \$2.78-\$2.82 (U.S.), and the mean of \$2.80 has been used for conversions where applicable.

NET SALES

In 1966 net sales totaled \$694,122,000 as compared with \$634,807,000 in 1965, an increase of \$59,315,000. Higher prices for copper and increased deliveries of rolling mill products were the principal factors responsible for the increase in 1966 net sales.

COSTS AND EXPENSES

In 1966 costs and expenses totaled \$484,713,000 as compared with \$373,511,000 in 1965, an increase of \$111,202,000. The sizable purchases of nickel at approximate market prices, increased labor and other production costs, and expenses relative to strikes and slowdowns at our Ontario mines and plants, contributed to the substantial increase in costs and expenses in 1966. Selling, general and administrative expenses for 1966 include directors' remuneration of \$1,024,000, including salaries of officers who are directors.

OTHER INCOME

Other income included in earnings comprised:

| | 1966 | 1965 |
|--------------------------------------|--------------------|--------------------|
| Interest | \$8,428,000 | \$7,863,000 |
| Dividends | 360,000 | 335,000 |
| Net gain on disposal of assets | 430,000 | 3,000 |
| Total | <u>\$9,218,000</u> | <u>\$8,201,000</u> |

WORKING CAPITAL

The decrease in working capital for the year amounted to \$1,612,000, comprised of decreases of \$15,557,000 in current assets and \$13,945,000 in current liabilities. The changes in working capital are summarized as follows:

| | | |
|---|---------------|-----------------------|
| Working capital at beginning of year | | \$ 375,175,000 |
| Additions: | | |
| Net sales | \$694,122,000 | |
| Other income | 9,218,000 | |
| Issue of shares under stock option plan..... | 2,361,000 | 705,701,000 |
| | | <u>1,080,876,000</u> |
| Deductions: | | |
| Costs and expenses, and pension provisions | | |
| (less \$1,303,000 of provisions for insurance | | |
| and operating purposes) | \$488,670,000 | |
| Taxes based on income | | |
| (less \$11,100,000 of future taxes) | 57,924,000 | |
| Capital expenditures | 73,037,000 | |
| Dividends paid on common shares | 83,059,000 | |
| Other | 4,623,000 | 707,313,000 |
| Working capital at end of year | | <u>\$ 373,563,000</u> |

SECURITIES

Government and other securities included in working capital comprised:

| | December 31, 1966 | December 31, 1965 |
|---|----------------------|----------------------|
| Time deposits and government and prime commercial securities maturing within twelve months..... | \$121,014,000 | \$133,247,000 |
| Government and prime commercial securities maturing after twelve months | 18,780,000 | 18,803,000 |
| Total government and other securities..... | <u>\$139,794,000</u> | <u>\$152,050,000</u> |

Government and other securities, as well as securities held for pension plans and miscellaneous securities, are carried at cost which approximated market values at the end of each year.

INVENTORIES

Inventories included in working capital comprised:

| | December 31, 1966 | December 31, 1965 |
|---|----------------------|----------------------|
| Metals, finished and in process | \$166,930,000 | \$177,171,000 |
| Supplies | 37,883,000 | 34,099,000 |
| Total inventories | <u>\$204,813,000</u> | <u>\$211,270,000</u> |

Following the Company's regular accounting practice, inventories are valued at the lower of cost or market prices; cost for metals is production or purchase cost, and for supplies is average purchase cost. Inventory quantities were adjusted from time to time throughout the year to physical stock-takings. At the end of the year there were no substantial purchase commitments at prices in excess of market levels.

PROPERTIES, PLANT AND EQUIPMENT

Changes in these accounts during the year are summarized as follows:

| | Properties, Plant and Equipment | Depreciation and Depletion | Net |
|--------------------------------------|---------------------------------------|----------------------------------|----------------------|
| Balance at beginning of year | \$892,460,000 | \$406,732,000 | \$485,728,000 |
| Additions | 73,037,000 | 26,173,000 | 46,864,000 |
| | 965,497,000 | 432,905,000 | 532,592,000 |
| Retirements | 2,527,000 | 2,527,000 | |
| Balance at end of year | <u>\$962,970,000</u> | <u>\$430,378,000</u> | <u>\$532,592,000</u> |

Properties acquired in 1918 from a predecessor company are taken at cost measured by the par value of stock issued for stock of that company; an ore body discovery is at value fixed by the Directors in 1923; properties owned by International Nickel Limited prior to its merger, January 1, 1929, are at the valuation established by its Directors and appearing in their report to shareholders for the eight months' period ended December 31, 1928; other items are at cost.

The established policy relative to depreciation and depletion was continued during the year and provisions were made which, in the judgment of the management, will result in accumulated provisions adequate to offset, at the expiration of the estimated economic lives of the properties, the recorded cost of the investment in properties, plant and equipment. This policy is supported by studies made periodically of such lives of the properties. The total provision for the year of \$26,173,000 includes depreciation of \$22,980,000 and depletion of \$3,193,000. At the end of the year, the accumulated provisions were \$328,518,000 for depreciation and \$101,860,000 for depletion.

TAXES BASED ON INCOME

During the year \$69,024,000 was provided for taxes based on income, of which \$55,750,000 was for Canadian taxes and \$13,274,000 principally for United Kingdom and United States taxes.

The provision for taxes is lower than in 1965 by \$24,431,000 which is attributable principally to the decrease in earnings in 1966. The provision reflects tax-exempt earnings in Canada from our Crean Hill, MacLennan and Totten mines under the three-year "new mines" exemption, which will terminate for these mines in August 1967, April 1968 and January 1969, respectively.

The depreciation recorded in the accounts in conformity with the Company's regular accounting practice is recognized in determining the provision for taxes. However, in accordance with tax regulations of Canada, the United Kingdom and the United States, depreciation deductions for tax purposes have been made in amounts greater than the provisions for depreciation in the accounts. As a result \$11,100,000 of the provision for taxes has been carried to the separate account for future income taxes which aggregated \$79,800,000 at the end of the year. This account will decrease in future years whenever depreciation deductions for tax purposes are less than provisions for depreciation in the accounts.

At the end of the year, the current liability for taxes, after required prepayments during the year, was \$45,597,000.

PENSION PLANS

In addition to assets held in Trust Funds by Trustees under Company pension plans, the Company held \$7,510,000 of securities at the year end, representing the amount set aside for pension plan benefits payable directly by the Company. A summary of pension plan transactions during the year follows:

| | |
|---|--------------|
| Balance at beginning of year | \$ 6,882,000 |
| Add: Provision from earnings | 5,260,000 |
| | <hr/> |
| | 12,142,000 |
| Deduct: | |
| Contributions paid to Trustees | \$4,141,000 |
| Benefits paid directly by the Company | 491,000 |
| | <hr/> |
| Balance at end of year | \$ 7,510,000 |
| | <hr/> |

PROVISIONS FOR EXCHANGE, INSURANCE AND OPERATING PURPOSES

Changes in these provisions during the year were as follows:

| | | |
|--|--------------|----------------------------|
| Balance at beginning of year | | \$25,307,000 |
| Add provision for: | | |
| Self-insurance | \$ 1,000,000 | |
| Operating purposes | 303,000 | 1,303,000 |
| | | <u>26,610,000</u> |
| Deduct: Currency exchange adjustments..... | | 604,000 |
| | | <u>26,006,000</u> |
| The year-end provisions are: | | |
| Self-insurance | \$13,000,000 | |
| Exchange | 6,160,000 | |
| Operating purposes | 6,846,000 | |
| Balance at end of year | | <u><u>\$26,006,000</u></u> |

CAPITAL

The Key Employees Stock Option Plan, ratified by shareholders at the Annual Meeting on April 24, 1957, authorizes the granting of options on 700,000 unissued common shares at prices not less than 95% of the fair market value on the day the option is granted. The options are exercisable in installments beginning not earlier than one year after date of grant over a period not exceeding ten years from the date of grant.

During 1966 options were exercised in respect of 38,270 shares, for which the Company received \$2,361,000; and options for 370 shares expired. On August 23, 1966 options were granted for 65,800 shares at \$81.75 a share. As of December 31, 1966, options for a total of 510,195 shares had been exercised, 280 shares were available for future grants of options and 189,525 shares (including 46,500 shares for officers) were subject to outstanding options as follows:

| | Date of Grant | Option Price Per Share | Shares for Officers | Total Shares |
|----------|------------------|---------------------------|------------------------|-----------------|
| January | 1958 | \$34.625 | — | 314 |
| November | 1959 | 47.00 | 1,400 | 4,025 |
| April | 1960 | 49.75 | 3,700 | 5,920 |
| March | 1961 | 63.00 | — | 11,683 |
| November | 1961 | 72.50 | 23,500 | 80,503 |
| December | 1962 | 58.50 | — | 21,280 |
| August | 1966 | 81.75 | 17,900 | 65,800 |
| | | | <u>46,500</u> | <u>189,525</u> |

Capital surplus was unchanged during the year. It includes \$11,664,000 representing the amount received in 1930 for common shares in excess of the capital value assigned thereto, this amount being "distributable surplus" as defined by the Canada Corporations Act.

Fifteen Year Review

| Year | Net Earnings | | Common Dividends | | Income Taxes | Depreciation and Depletion |
|-------------|-----------------------|-------------------|----------------------|-------------------|----------------------|----------------------------|
| | Amount | Per Common Share* | Amount | Per Common Share* | | |
| 1966 | \$ 118,200,000 | \$ 3.98 | \$ 83,100,000 | \$ 2.80 | \$ 69,000,000 | \$ 26,200,000 |
| 1965 | 143,800,000 | 4.85 | 90,300,000 | 3.05 | 93,500,000 | 26,500,000 |
| 1964 | 135,800,000 | 4.59 | 81,300,000 | 2.75 | 66,700,000 | 27,500,000 |
| 1963 | 106,300,000 | 3.60 | 66,300,000 | 2.25 | 43,600,000 | 26,200,000 |
| 1962 | 94,200,000 | 3.19 | 55,900,000 | 1.90 | 37,400,000 | 24,300,000 |
| | | | | | | |
| 1961 | 88,800,000 | 3.02 | 46,900,000 | 1.60 | 60,900,000 | 19,900,000 |
| 1960 | 80,700,000 | 2.76 | 44,500,000 | 1.52 ½ | 60,200,000 | 15,500,000 |
| 1959 | 85,200,000 | 2.91 | 43,800,000 | 1.50 | 58,800,000 | 14,600,000 |
| 1958 | 39,700,000 | 1.35 | 37,900,000 | 1.30 | 28,300,000 | 13,400,000 |
| 1957 | 86,100,000 | 2.95 | 54,700,000 | 1.87 ½ | 56,800,000 | 20,300,000 |
| | | | | | | |
| 1956 | 96,300,000 | 3.25 | 54,700,000 | 1.87 ½ | 61,000,000 | 19,900,000 |
| 1955 | 91,600,000 | 3.07 | 54,700,000 | 1.87 ½ | 60,200,000 | 19,100,000 |
| 1954 | 65,300,000 | 2.17 | 42,300,000 | 1.45 | 43,400,000 | 17,800,000 |
| 1953 | 53,700,000 | 1.77 | 34,300,000 | 1.17 ½ | 43,900,000 | 12,900,000 |
| 1952 | 58,900,000 | 1.95 | 37,900,000 | 1.30 | 43,600,000 | 10,500,000 |

**As adjusted to reflect the split of the shares on a 2-for-1 basis in 1960.*

Financial and Operating Results

| Capital Expenditures | Ore Mined (SHORT TONS) | Nickel Deliveries (POUNDS) | Copper Deliveries (POUNDS) | Platinum-Group Metals and Gold Deliveries (TROY OUNCES) | Exploration Expenditures |
|-------------------------|---------------------------|----------------------------------|----------------------------------|--|-----------------------------|
| \$ 73,000,000 | 17,600,000 | 500,200,000 | 293,000,000 | 500,900 | \$ 11,700,000 |
| 62,700,000 | 19,800,000 | 493,000,000 | 275,900,000 | 510,800 | 12,300,000 |
| 44,400,000 | 16,400,000 | 444,200,000 | 286,500,000 | 544,800 | 7,600,000 |
| 36,000,000 | 13,600,000 | 350,700,000 | 253,600,000 | 439,400 | 6,400,000 |
| 61,000,000 | 13,800,000 | 318,200,000 | 267,300,000 | 410,800 | 5,900,000 |
| 46,000,000 | 17,500,000 | 372,500,000 | 268,700,000 | 443,000 | 7,400,000 |
| 76,000,000 | 16,800,000 | 351,900,000 | 292,500,000 | 409,400 | 8,900,000 |
| 66,900,000 | 15,300,000 | 317,000,000 | 252,500,000 | 420,900 | 8,000,000 |
| 54,400,000 | 9,500,000 | 205,800,000 | 210,600,000 | 189,400 | 7,400,000 |
| 43,900,000 | 16,000,000 | 290,100,000 | 280,800,000 | 382,800 | 8,900,000 |
| 23,000,000 | 15,500,000 | 286,100,000 | 271,300,000 | 411,100 | 8,200,000 |
| 26,900,000 | 14,200,000 | 290,500,000 | 263,200,000 | 487,700 | 5,200,000 |
| 22,300,000 | 14,500,000 | 282,000,000 | 253,300,000 | 300,700 | 5,300,000 |
| 21,100,000 | 13,700,000 | 251,400,000 | 234,300,000 | 309,000 | 6,100,000 |
| 19,300,000 | 13,200,000 | 249,000,000 | 234,300,000 | 329,500 | 5,000,000 |

TRUST FUNDS

RETIREMENT SYSTEM AND OTHER PENSION PLANS

There are five irrevocable Trust Funds in Canada, the United States and the United Kingdom to implement the Retirement System and the other pension plans for the Company's employees. While the accounts of these Trust Funds are separate and distinct from the accounts of the Company and its subsidiaries, a summary of the audited accounts of the five funds appears in the ensuing paragraph for general information purposes.

At the beginning of the year Government bonds and other marketable securities, at cost, and cash and other assets in the hands of the Trustees aggregated \$174,671,000. During the year total contributions paid to the Trustees by the Company and employees were \$4,397,000, income from investments was \$10,619,000, and Retirement System and other pension plan benefits of \$6,037,000 were paid from the Trust Funds. These figures are expressed in United States currency, and exchange adjustments during the year resulted in a decrease of \$77,000 in terms of that currency. Accordingly, on December 31, 1966 the Trustees had assets in hand of \$183,573,000.

At February 21, 1967 the Trustees of the three Canadian Trust Funds and of the United States and British Funds were:

CANADIAN FUNDS

G. Arnold Hart, Montreal, P.Q.
R. Samuel McLaughlin, Oshawa, Ont.
H. C. F. Mockridge, Toronto, Ont.
Allen T. Lambert, Toronto, Ont.
F. M. A. Noblet, Darien, Conn.
E. C. Patterson, Bedford, N. Y.

UNITED STATES FUND

E. C. Patterson, Bedford, N. Y.
J. C. Traphagen, West Nyack, N. Y.
F. M. A. Noblet, Darien, Conn.
William C. Bolenius, Cutchogue, N. Y.
R. Samuel McLaughlin, Oshawa, Ont.
H. C. F. Mockridge, Toronto, Ont.

BRITISH FUND

International Nickel (Retirement System) Trustees Limited,
London



Model of "Man", a 67-foot stabile by the noted sculptor Alexander Calder. Sponsored by the Company, this stainless steel sculpture will be erected in Place International Nickel at Expo 67 as part of the Company's program in observance of Canada's Centennial.

